

UNITED STATES OF AMERICA
POSTAL REGULATORY COMMISSION
WASHINGTON, DC 20268-0001

Before Commissioners:

Ruth Y. Goldway, Chairman;
Nanci E. Langley, Vice Chairman;
Mark Acton; and
Robert G. Taub

Canehill Post Office
Canehill, Arkansas

Docket No. A2012-20

ORDER AFFIRMING DETERMINATION

(Issued February 2, 2012)

I. INTRODUCTION

On December 15, 2011, the Postal Service advised the Commission that it “will delay the closing or consolidation of any Post Office until May 15, 2012.”¹ The Postal Service further indicated that it “will proceed with the discontinuance process for any Post Office in which a Final Determination was already posted as of December 12, 2011, including all pending appeals.” *Id.* It stated that the only “Post Offices” subject to closing prior to May 16, 2012 are those that were not in operation on, and for which a Final Determination was posted as of, December 12, 2011. *Id.* It affirmed that it “will not close or consolidate any other Post Office prior to May 16, 2012.” *Id.* at 2. Lastly,

¹ United States Postal Service Notice of Status of the Moratorium on Post Office Discontinuance Actions, December 15, 2011, at 1 (Notice).

the Postal Service requested the Commission “to continue adjudicating appeals as provided in the 120-day decisional schedule for each proceeding.” *Id.*

The Postal Service’s Notice outlines the parameters of its newly announced discontinuance policy. Pursuant to the Postal Service’s request, the Commission will fulfill its appellate responsibilities under 39 U.S.C. § 404(d)(5).

On October 18, 2011, Pat Sellers (Petitioner Sellers) filed a petition with the Commission seeking review of the Postal Service’s Final Determination to close the Canehill, Arkansas post office (Canehill post office).² An additional petition for review was received from T.A. Sampson (Petitioner Sampson).³ The Final Determination to close the Canehill post office is affirmed.

II. PROCEDURAL HISTORY

On October 24, 2011, the Commission established Docket No. A2012-20 to consider the appeal, designated a Public Representative, and directed the Postal Service to file its Administrative Record and any responsive pleadings.⁴

² Petition for Review received from Pat Sellers regarding the Canehill, Arkansas Post Office, 72717, October 18, 2011 (Petitioner Sellers).

³ Petition for Review received from T.A. Sampson regarding the Canehill, Arkansas Post Office, 72717, October 28, 2011 (Petitioner Sampson).

⁴ Order No. 924, Notice and Order Accepting Appeal and Establishing Procedural Schedule, October 24, 2011.

On November 2, 2011, the Postal Service filed the Administrative Record with the Commission.⁵ On December 7, 2011, the Postal Service filed an addendum to the Administrative Record.⁶

Petitioners filed participant statements supporting their Petitions.⁷ The Postal Service filed comments requesting that the Commission affirm its Final Determination.⁸

III. BACKGROUND

The Canehill post office provides retail postal services and service to 191 post office box customers. Final Determination at 2. Three hundred and twenty-nine delivery customers are served through this office.⁹ *Id.* The Canehill post office, an EAS-55 level facility, provides retail service from 8:30 a.m. to 3:00 p.m., Monday through Friday, and 8:30 a.m. to 12:00 p.m. on Saturday. Final Determination at 2. Lobby access hours are 24 hours Monday through Saturday. *Id.*

⁵ The Administrative Record is attached to the United States Postal Service Notice of Filing, November 2, 2011 (Administrative Record). The Administrative Record includes, as Item No. 47, the Final Determination to Close the Canehill, AR Post Office and Continue to Provide Service by Highway Contract Route Service (Final Determination).

⁶ The Addendum is attached to the United States Postal Service Notice of Filing of Addendum to the Administrative Record, December 7, 2011 (Addendum). The Addendum includes, as Item No. 52, a memo revising the number of customers served by the Canehill post office and adding costs for replacement service and early lease termination. The Addendum also includes a copy of the cover page of the Final Determination posted at the Lincoln post office with round date stamps indicating posting and removal dates. *Id.* at 5.

⁷ Participant Statement received from Pat Sellers, December 6, 2011 (Sellers Participant Statement); Participant Statement received from T.A. Sampson, November 21, 2011 (Sampson Participant Statement).

⁸ United States Postal Service Comments Regarding Appeal, December 12, 2011 (Postal Service Comments).

⁹ *Id.* Item No. 52 includes post-record information revising the number of post office box and delivery customers served by the Canehill post office. Item No. 52 at 1. As the Commission previously stated, its responsibility in adjudicating appeals of Postal Service determinations to close or consolidate post offices is limited to “the record before the Postal Service in the making of such determination[s].” Docket No. A2011-74, Order No. 1123, Order Remanding Determination, January 10, 2012 at 8 n.13 (*citing* 39 U.S.C. § 404(d)(5)). The Commission has not relied on post-record information when evaluating this appeal.

The postmaster position became vacant on October 16, 2009 when the Canehill postmaster passed away. *Id.* A non-career officer-in-charge (OIC) was installed to operate the office. *Id.* at 2, 4. Retail transactions average 3 transactions daily (3 minutes of retail workload). *Id.* at 2. Office receipts for the last 3 years were \$15,318 in FY 2008; \$10,284 in FY 2009; and \$7,905 in FY 2010. *Id.* There are no permit or postage meter customers. *Id.* By closing this office, the Postal Service anticipates savings of \$36,500 annually. *Id.* at 4.

After the closure, retail services will be provided by the Lincoln post office located approximately 4 miles away.¹⁰ Delivery service will be provided by highway contract route service through the Lincoln post office. *Id.* The Lincoln post office is an EAS-18 level office, with retail hours of 9:00 a.m. to 4:00 p.m., Monday through Friday, and 8:30 a.m. to 10:30 a.m. on Saturday. *Id.* Five hundred and seventy-one post office boxes are available. *Id.* The Postal Service will continue to use the Canehill name and ZIP Code. *Id.* at 3, Concern No. 1.

IV. PARTICIPANT PLEADINGS

Petitioners. Petitioners oppose the closure of the Canehill post office. Petitioner Sellers raises concerns regarding mail security and the difficulty senior citizens will face with traveling to the Lincoln post office. Sellers Petition at 1; Sellers Participant Statement at 2. Petitioner Sampson raises similar concerns and adds that the rich history of Canehill will be lost, as well as the community identity. Sampson Petition at 3. Both Petitioners assert that the Postal Service has already reduced its operation cost by operating with an OIC rather than a postmaster. Sampson Participant Statement at 3; Sellers Participant Statement at 2. They also propose various alternatives to the Canehill post office, including elimination of Saturday delivery and using split shifts. Sellers Participant Statement at 2; Sampson Petition at 5.

¹⁰ *Id.* at 2. MapQuest estimates the driving distance between the Canehill and Lincoln post offices to be approximately 6 miles (9 minutes driving time).

Postal Service. The Postal Service argues that the Commission should affirm its determination to close the Canehill post office. Postal Service Comments at 2. The Postal Service believes the appeal raises three main issues: (1) the effect on postal services; (2) the impact on the Canehill community; and (3) the economic savings expected to result from discontinuing the Canehill post office. *Id.* at 1-2. The Postal Service asserts that it has given these and other statutory issues serious consideration and concludes that the determination to discontinue the Canehill post office should be affirmed. *Id.* at 2.

The Postal Service explains that its decision to close the Canehill post office was based on several factors, including:

- the postmaster vacancy;
- a minimal workload and low office revenue;
- a variety of other delivery and retail options;
- little recent growth in the area;
- minimal impact on the community; and
- expected financial savings.

Id. at 5. The Postal Service contends that it will continue to provide regular and effective postal services to the Canehill community when the Final Determination is implemented. *Id.*

The Postal Service also asserts that it has followed all statutorily required procedures and has addressed the concerns raised by Petitioners regarding the effect on postal services, effect on the Canehill community, economic savings, and effect on postal employees. *Id.* at 5-14.

V. COMMISSION ANALYSIS

The Commission's authority to review post office closings is provided by 39 U.S.C. § 404(d)(5). That section requires the Commission to review the Postal Service's determination to close or consolidate a post office on the basis of the record that was before the Postal Service. The Commission is empowered by section

404(d)(5) to set aside any determination, findings, and conclusions that it finds to be (a) arbitrary, capricious, an abuse of discretion, or otherwise not in accordance with the law; (b) without observance of procedure required by law; or (c) unsupported by substantial evidence in the record. Should the Commission set aside any such determination, findings, or conclusions, it may remand the entire matter to the Postal Service for further consideration. Section 404(d)(5) does not, however, authorize the Commission to modify the Postal Service's determination by substituting its judgment for that of the Postal Service.

A. Notice to Customers

Section 404(d)(1) requires that, prior to making a determination to close any post office, the Postal Service must provide notice of its intent to close. Notice must be given 60 days before the proposed closure date to ensure that patrons have an opportunity to present their views regarding the closing. The Postal Service may not take any action to close a post office until 60 days after its determination is made available to persons served by that post office. 39 U.S.C. § 404(d)(4). A decision to close a post office may be appealed within 30 days after the determination is made available to persons served by the post office. *Id.* § 404(d)(5).

The record indicates the Postal Service took the following steps in providing notice of its intent to close. On June 9, 2011, the Postal Service distributed questionnaires to customers regarding the possible change in service at the Canehill post office. Final Determination at 2. A total of 379 questionnaires were distributed to delivery customers. *Id.* Other questionnaires were made available at the retail counter. *Id.* A total of 94 questionnaires were returned. *Id.* On June 22, 2011, the Postal Service held a community meeting at the Old Canehill College Building to address customer concerns. *Id.* Forty-four customers attended. *Id.*

The Postal Service posted the proposal to close the Canehill post office with an invitation for comments at the Canehill and Lincoln post offices from June 29, 2011

through August 30, 2011. *Id.* The Final Determination was posted at the same two post offices from September 29, 2011 through October 31, 2011. *Id.* at 1; Addendum at 5.

The Postal Service has satisfied the notice requirements of 39 U.S.C. § 404(d).

B. Other Statutory Considerations

In making a determination on whether or not to close a post office, the Postal Service must consider the following factors: (1) the effect on the community; (2) the effect on postal employees; (3) whether a maximum degree of effective and regular postal service will be provided; and (4) the economic savings to the Postal Service. 39 U.S.C. § 404(d)(2)(A).

Effect on the community. Canehill, Arkansas is an unincorporated community located in Washington County, Arkansas. Administrative Record, Item No. 16. The community is administered politically by Washington County. *Id.* Police protection is provided by Washington County. *Id.* Fire protection is provided by the Lincoln Fire Department. *Id.* The community is comprised of farmers, the self-employed, and those who work in local businesses or commute to work in nearby communities. *Id.* Residents may travel to nearby communities for other supplies and services. See *generally* Administrative Record, Item No. 22 (returned customer questionnaires and Postal Service response letters).

As a general matter, the Postal Service solicits input from the community by distributing questionnaires to customers and holding a community meeting. The Postal Service met with members of the Canehill community and solicited input from the community with questionnaires. In response to the Postal Service's proposal to close the Canehill post office, customers raised concerns regarding the effect of the closure on the community. Their concerns and the Postal Service's responses are summarized in the Final Determination. Final Determination at 3.

Petitioner Sampson expresses concern regarding the loss of community identity and notes the rich history of the Canehill post office. Sampson Petition at 3. In response, the Postal Service contends that it considered this issue and explains that the

community identity will be preserved by continuing the use of the Canehill name and ZIP Code. Postal Service Comments at 9. It also notes that residents are able to utilize other businesses and churches in Canehill to hold community events. *Id.*

The Postal Service has adequately considered the effect of the post office closing on the community as required by 39 U.S.C. § 404(d)(2)(A)(i).

Effect on employees. The Postal Service states that the Canehill postmaster passed away on October 16, 2009 and that an OIC has operated the Canehill post office since then. Final Determination at 2. It asserts that the temporary OIC will either be reassigned or separated and that no other Postal Service employee will be adversely affected. Postal Service Comments at 13-14.

The Postal Service has considered the possible effects of the post office closing on the OIC and has satisfied its obligation to consider the effect of the closing on employees at the Canehill post office as required by 39 U.S.C. § 404(d)(2)(A)(ii).

Effective and regular service. The Postal Service contends that it has considered the effect the closing will have on postal services provided to Canehill customers. Postal Service Comments at 5. It asserts that customers of the closed Canehill post office may obtain retail services at the Lincoln post office located 4 miles away. Final Determination at 2. Delivery service will be provided by highway contract route service through the Lincoln post office. *Id.* The Canehill post office box customers may obtain Post Office Box service at the Lincoln post office, which has 571 boxes available. *Id.* For customers choosing not to travel to the Lincoln post office, the Postal Service explains that retail services will be available from the carrier. Postal Service Comments at 6.

Petitioner Sellers express concern about mail security and contends that many residents will not feel safe with having their mail delivered to an unsecured mailbox. Sellers Petition at 2. The Postal Service responds that it made an inquiry regarding the risk of mail theft, and the records indicate that there has not been any report of mail theft or vandalism of mailboxes in the area. Postal Service Comments at 7. The Postal

Service states that it also advised customers that they may place a lock on their mailboxes. *Id.*

In addition, Petitioner Sampson argues that closing the Canehill post office adds a strain on senior citizens and those needing additional assistance because they are unable to travel the added distance to the Lincoln post office. Sampson Petition 3. The Postal Service responds that carrier service is beneficial to many senior citizens and those facing special challenges because they do not have to travel to the post office for service. Postal Service Comments at 7. It asserts that in hardship cases, delivery can be made to a customer's home. *Id.*

The Postal Service has considered the issues raised by customers concerning effective and regular service as required by 39 U.S.C. § 404(d)(2)(A)(iii).

Economic savings. The Postal Service estimates total annual savings of \$36,500. Final Determination at 4. It derives this figure by summing the following costs: postmaster salary and benefits (\$30,740) and annual lease costs (\$5,760). *Id.* The Postal Service cites no cost of replacement service or one-time expenses.

In the Addendum, the Postal Service revises the cost of replacement service by adding an additional expense of \$815 per year if customers obtain street delivery. Item No. 52 at 1. The Postal Service states that if it decides to install cluster box units (CBUs), the cost would be approximately \$3,100.¹¹ It asserts that there would be no additional cost of discontinuing the Canehill post office if customers obtain post office boxes at the Lincoln post office. Item No. 52 at 1. It notes that because the lease of the Canehill post office does not expire until 2014, there will be a one-time lease buyout payment of \$12,600. *Id.*

The Commission has not relied on post-record information about economic savings in the Addendum when evaluating this appeal. See note 8, *supra*. However,

¹¹ *Id.* at 2. In future cases, the Postal Service should clearly state whether it will install CBUs. See Docket No. A2011-60, Order No. 1091, Order Remanding Determination, December 30, 2011, at 13; Docket No. A2011-40, Order No. 982, Order Remanding Determination, November 18, 2011, at 9.

even assuming these additional costs, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

Petitioners propose various alternatives to the Canehill post office, including elimination of Saturday delivery and using split shifts. Sellers Participant Statement at 2; Sampson Petition at 5. The Postal Service assures Canehill customers that after investigating all options, highway contract route service coupled with service at the nearby Lincoln post office is more cost-effective. Postal Service Comments at 13.

Petitioners assert that the Postal Service has already reduced its operation cost by operating with an OIC rather than a postmaster. Sampson Participant Statement at 3; Sellers Participant Statement at 2. The Commission has previously observed that the Postal Service should include in its estimate of savings those costs likely to be eliminated by the closing. The Canehill post office postmaster passed away and the position became vacant on October 16, 2009. Final Determination at 2. The post office has since been staffed by a non-career OIC who, upon discontinuance of the post office, may be separated from the Postal Service. The postmaster position and the corresponding salary will be eliminated. Postal Service Comments at 11. Furthermore, notwithstanding that the Canehill post office has been staffed by an OIC for approximately 2 years, even assuming the use of the presumably lower OIC salary, the Postal Service would have satisfied the requirements of section 404(d)(2)(A)(iv).

The Postal Service has satisfied the requirement that it consider economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

VI. CONCLUSION

The Postal Service has adequately considered the requirements of 39 U.S.C. § 404(d). Accordingly, the Postal Service's determination to close the Canehill post office is affirmed.

It is ordered:

The Postal Service's determination to close the Canehill, Arkansas post office is affirmed.

By the Commission.

Ruth Ann Abrams
Acting Secretary

DISSENTING OPINION OF CHAIRMAN GOLDWAY

The Administrative Record is inaccurate with regard to economic savings. As such, the Postal Service has not adequately considered economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv).

The Postal Service argues that savings should be calculated based on a full-time postmaster's salary. Yet the Canehill post office has been operated by a non-career officer-in-charge (OIC) since the former postmaster passed away on October 16, 2009. On the one hand, the Postal Service argues that the effect on employees of this closing will be minimal because only an OIC will be eliminated; yet on the other hand, it argues that the savings should be calculated using a full-time postmaster position.

The Postal Service already claims billions of dollars in savings from reducing labor costs. I believe the savings from substituting OICs in postmaster positions throughout the nation have already been included in those billions. There are inherent and blatant contradictions in the record that must be corrected on remand.

It is not the statutory responsibility of the Commission to correct the Administrative Record for the Postal Service and certainly not to make its own surmise about what and/or whether there would be savings if accurate data was in the Administrative Record. Therefore, the decision to close should be remanded to the Postal Service to correct the record and present a more considered evaluation of potential savings.

Moreover, the Postal Service recently announced a moratorium on post office closings. It is confusing and perhaps unfair to require some citizens whose post offices have received a discontinuance notice as of December 12, 2011 to gather evidence and pursue an appeal to the Commission, while others whose post offices were in the review process, but had not yet received a discontinuance notice by December 12, 2011 have the respite of a 5-month moratorium and the opportunity to have further consideration of alternatives by the Postal Service.

The citizens of Canehill, Arkansas and their concerns regarding the loss of a neighborhood post office should be afforded the same opportunity to be heard and considered as the citizens of the approximately 3,700 post offices fully covered by the moratorium.

Ruth Y. Goldway

DISSENTING OPINION OF VICE CHAIRMAN LANGLEY

The Postal Service did not adequately consider the economic savings as required by 39 U.S.C. § 404(d)(2)(A)(iv). The current lease does not terminate until July 14, 2014, and does not have a 30-day termination clause. Administrative Record, Item 15 at 1. The Postal Service should note that any savings from the lease will not be realized for at least 2 years, or as the Postal Service notes in its Addendum there is a one-time buyout clause at the cost of \$12,960. Item No. 52 at 1.

In addition, the Postal Service should take into consideration that a non-career employee postmaster relief (PMR) has been in charge of this facility since October 2009, not an EAS-55 postmaster, and reflect the PMR's salary and benefits in its cost savings analysis.¹²

Furthermore, the Addendum revises its cost of replacement service in the event that customers obtain mailbox delivery and also states that if the Postal Service decides to install cluster box units, the cost would be approximately \$3,100. *Id.* at 1 and 2. The Postal Service should reflect these adjustments in its projected economic savings. As a government entity, the Postal Service should ensure that its cost/benefit analysis accurately identifies capturable cost savings and does not overstate savings.

I find that the Administrative Record evidence does not support the Postal Service's decision to discontinue operations at the Canehill post office and should be remanded.

Nanci E. Langley

¹² Since the Postmaster vacancy, a non-career employee was installed to operate the Canehill post office. Postal Service Comments at 2.